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WHAT SHALL WE DO WITH THE TARIFF?

BY THOMAS B. REED, FORMERLY SPEAKER OF THE
HOUSE OF REPRESENTATIVES.

THE elections for this year have taken place, and we have escaped the one great danger of a democracy, which is the decision of great questions without discussion. But we have by no means got rid of the questions. We have now upon us the duty of discussing them with such care as will tend to decide them correctly. We have had a season of prosperity which has no parallel, even in our own remarkable history. There has been a movement of concentration; and business has been carried on on so great a scale that we are ourselves frightened by the tremendous shadow which we cast. We are not only exhibiting remarkable growth, but we are doing it in such fashion as to influence the Old World. In that surprising address which Mr. Carnegie has just delivered at St. Andrews, we can see depicted what the influence of forty nations united in one will be, and that it will force the countries of Europe, after due years and perhaps centuries, to such a union as will banish armies and wars. We may well hope for this, for the story of the world's march from feudalism and distraction to nationality and internal peace amply justifies his prophecies to those who can see that God works unceasingly and has all eternity under His command.

But our problem in this nation is of to-day, and if we do our duty of to-day the nation will find those who can take our places to-morrow. All that is now happening is in accord with the nature of things. Displacing the old with the new is never without its complications and minor evils, which correct themselves in due time. All good progress, even that which is undoubted, has its temporary sorrows. One example, which takes innumerable forms, of this temporary sorrow which may be em-

ployed to illustrate the idea, is the invention and use of labor-saving machinery. Upon such invention and use depends the whole material progress of the world. Nothing else could give us the abundance which characterizes our age. Yet, when any new labor-saving invention comes into use the first thing it does is to deserve its name by lessening the number of men who can work. Labor saved is, temporarily, labor lost. Men are discharged; the machine does what they used to do. Do you wonder, then, that men should resent this intrusion upon their sustenance and support? Some are too old to learn new trades, and for them there is no consolation. Yet, in the long-run, new occasions spring up which employ this discharged labor, and the world has all it used to have and much besides.

Conservatism, or the unwillingness to welcome new things, has its uses. Most new things are not good and die an early death; but those which push themselves forward and by slow degrees force themselves upon the attention of mankind are the unconscious productions of human wisdom, and must have honest consideration, and must not be made the subject of unreasoning prejudice. Toward such a movement no one has a right to look askance. Above all, no one has a right to presume such a movement wrong. It may be wrong; but when business men all over a great nation pursue the same course, the presumption ought to be that they are right. Nevertheless, the first idea is to make them stop.

The history of corporations can be put into a few words. Men of sense are unwilling to risk their all in one enterprise or business. If they can limit their risks, and if by union with others whose risks can be in like manner limited they can make a strong company, much idle money can be utilized and both capital and labor employed. On this basis, and the basis of easier management, corporations were formed and have gradually grown in full proportion to the growth of the world. In our day this growth has taken a new form. That form has been forced upon business men by competition with one another. If a number of concerns united to save expense and the duplication of management, others had to do likewise. These unions of capital have been forced upon the capitalist. This element of force we must all bear in mind if we wish to understand this question. Perhaps you think that men were glad to get into these unions and went cheerfully

into combinations. Such was not the fact. Men hated to give up their independence. They and their fathers had built up their business. They were proud of their success, and meant to leave their establishments to their children. In the new combination only one could be the head. The others must go out or take rear seats. Then came the task of valuing, which encountered the natural unwillingness to have others do better than we do, until the task of consolidation grew almost impossible. Why was it not absolutely impossible? Simply because of the murderous competition. It was union or bankruptcy. Of course, after there had been a few examples, it became easier. The rising tide of prosperity helped also, because it raised not prices only, but values, and men were reconciled by getting more than they had hoped for, though they got no more than belonged to them. It would be natural here to say, why not let competition go on? What we want is the results of competition—low prices, so that we can buy all we want. The answer to this can be made, and it is worth attention. With small factories scattered around and a country store in every village, competition did insure us low prices, but did not escape the evils we will hereafter speak of. So long as competition could be carried on on the basis of living and letting live, all went well; but, as capital grew in amount and mills in size, competition became more violent and property ceased to make returns. Now, the doctrine of competition, most invaluable in its way, has its limitations. Being human, it is not an unmixed good. Destructive competition is an evil. The world cannot afford to have a trade which does not pay a fair profit. Hence, when a trade ceases to offer a fair profit, there has to be a remedy, and the remedy chosen here was in reality not a new one. It is impressive upon us at this time on account of its size. In a small way it has gone on ever since business became business.

But are we to be exposed to the mercy of those people who pile up millions, and have we no remedy by law or Constitutional Amendment? Yes, we have many remedies on the stump and in the newspapers. But the experience of mankind is universal, that Providence has not left us to the stump-orator or the newspapers, or even to the statesman. Somehow—after much blundering, perhaps, but somehow—every new movement has in itself the element of protection of the race. For instance, we are all afraid of monopolies; we fear that somebody by some new scheme will

squeeze us permanently, and yet that has never happened. But, you will say, what can prevent these great aggregations of capital from charging what they like? The answer is, that what prevents them from charging an unfair price is the well-founded fear that they will thereby risk and lose the vast sums already piled up. In other words, the same state of the world, the same general wealth, which enabled one big pile of capital to get together, will enable a larger pile to get together and, by means of more modern machinery, to destroy the attempted monopoly. When one set of capitalists of great renown a year or two ago attempted to take control of Pacific business, the undertaking was not so vast as to prevent men whose names were, up to that time, but little known from meeting them and making, at least, a drawn battle. The fact is that every business man now knows that the only monopoly anybody can get, except the temporary one of patents, to which no one objects, is by producing some article cheaper and selling it cheaper than any other maker. Whether such a monopoly is obnoxious and to be stamped out I leave to the wise declamation of the friends of the people.

It would be a good plan if somebody who believes in the efficacy of legislation would sit down and draw his statute and put into words his Constitutional Amendment, and see where he would arrive. "Error," says the wise Latin, "lurks in generalities." To talk of doing something by means of something, if you do not specify the something to be done or the way to do it, is a waste of time.

After all the language which has been used about the great corporations, one is a little surprised at the lack of specification. Almost everybody announces that what we need is "publicity." Even this is vague. Do you expect the public to be intrusted with the cost sheets? If you do not, then what will your publicity amount to? If you mean by "publicity" such a statement as will enable the outsider to buy wisely, or the stockholder to sell at the true value, I fear we may be going beyond the province of free government, which certainly thus far has left the task of keeping his fingers out of the fire to the citizen whose fingers they were.

But cannot we stop this stock-watering? Must we not do it? Well, the value of stock is very much a matter of opinion. It will be noticed that the stock of one of our greatest companies

can be bought for less than forty dollars. The par value is one hundred. In the judgment of the world there is sixty per cent. water, and in the market the water is squeezed out. Could a Legislature do it more effectually? As that same stock sold at fifty-five, there was a time when there was only forty-five per cent. of water. Is it proposed in the new Constitutional Amendment to specify how often the test for water is to be applied? Are the stockholders to be assessed daily for the variations of each day, or are the directors to be indicted daily? Shall officers of the Government determine the value, or the public in open market?

There is a piece of wisdom as old as the world, which is worthy of all consideration. Let us not be in haste about great matters. When you don't know what to do, don't do it. If the proposition is to press an oak back into an acorn, it had better be carefully considered.

The proposed treatment of corporations, even if something ought to be done, is a fine example of how easily men mistake their wishes for their reasons. It is proposed to repeal such portions of the Tariff Act as have made these corporations prosperous. Of course, this is not intended to attack the Tariff. All we are trying to do is to sap the prosperity of institutions which have grown so large as to frighten us. Why do they frighten us? Because they are great and strong and wealthy. Of course, then, their greatness and strength and wealth are fundamental facts beyond dispute. No tariff law, of course, can be made which does not apply to all. Hence, if the Tariff is so reformed that the big, strong, and wealthy corporations go to destruction, how are the small ones to be saved? Really, to the calm and judicious mind this seems like Free Trade for its own sweet sake.

Protection in some lands may be the subject of discussion and debate. How it can be that in this country, and at this time, passes all understanding. In the United States the policy of protection has had a century and a quarter of alternate triumph and defeat. The triumph has always been followed by prosperity, the defeat by hard times. The last decade has been of striking example. We saw fit to try tariff reform in an act called the "Wilson Act." So prompt were the evidences of failure to meet the hopes of its framers that the country rose as one man, repealed the Act, and substituted therefor the Dingley Act, which was the result of care and skill; and immediately there followed

a demonstration of the advantages of protection, the like of which was never seen, even in this country. Owing to a combination of circumstances, we found other countries ready to take our surplus; and owing to the fact that we had not fairly started our demands on our own workshops, we had a surplus to send abroad. This large export trade was misunderstood. It only indicated that, with strong prices abroad, with England paralyzed by a strike, and with our own demand only just awakening, we could send many things abroad. It did not mean that we could always do this. It meant that the primacy was in sight but not yet gained. When our own demand reached its proper increase we found we could not supply it. On the contrary, we used up not only what we made, but in the article of iron and steel alone we have imported in the last year a million tons. Unfortunately, our exports came at a time when we were expanding, and everybody's mind was filled with the idea that we could supply the world. The Free Traders seized upon this state of the public mind, and declared that we needed protection no longer and that the Tariff must be abandoned. This idea that protection is in the nature of medicine, to be dropped as soon as possible, is an idea we had better examine. What if it is food? The medicine notion comes from the early arguments for the selection of infant industries to be fostered and cherished. Time and experience have enlarged that notion of protection. They have shown that protection is not a privilege, but a system. A privilege might be robbery. A system must justify itself by results. The principle which underlies protection is the securing at all times to the American people the markets of America. It means that the work of this nation shall be done by the people of this nation. All wealth comes from the marrying of labor to the raw material. In a country like ours, extending over such vast regions, there can be no lack of materials. Any system which enables our people to do our own work is the system which can give, and has given, the best results. The enemy have all along sneered at the idea that taxes can make us rich. But this is simply to beguile by words. Would it be any less absurd to say that taxes gave us good currency? And yet they did. We tax State currency. We do not raise one cent by the tax; it simply bars out the State currency. We used the tax as a way of accomplishing a result,—as means to an end. In like manner, we used the taxing power

to create a barrier behind which we could do our own work. All the theorists, the men who thought there was nothing in the world they could not think of, declared that we would be ruined. We have not been ruined, but we are to-day a very lively example of a people who do their own work. What would you say was the ideal industrial condition of a nation? Everybody at work. Just now we have everybody at work. And yet we think we want something else. If we keep on fussing we shall get it. With all the world, except England, including her own colonies, of our opinion, with success embroidered on all our banners, we are invited to surrender our views and give place to a beaten world.

Why? Simply because of that human unrest which is part of the history of the race. We, being also of limited knowledge, are much given to be beguiled by generalities. Here is one line of generalities. Is the Dingley Tariff Bill the end of wisdom? If not, then it can be improved. A tariff bill could be framed, we think, which would be free from all the errors of that celebrated bill and retain its virtues. Where would you enact such a bill? Why, in your own mind, of course. Unfortunately, a bill enacted in the mind has no extra-territorial force. A bill enacted by Congress, like the progress of the world, is the result of a fierce conflict of opposing human interests, and must be so. When men talk carelessly of tariff revision, they talk of a tariff never yet established, and one that never can be. They dream of a tariff which exactly suits them individually, while a real tariff bill is one which measurably satisfies the country as a whole.

But can we not have, sitting in perpetual session, a body of men non-partisan, judicious, wise, and incorruptible? Yes, in your mind. You can have anything in your mind. Imagination is unlimited, and it is very delightful to wander round among possible impossibilities. Just think of a non-partisan Free Trader sitting on a tariff tax! Of course, he would be above any prejudice except his own. I saw one Tariff Commission sit in 1882, and its report was not enacted into law. All its mistakes were, and the result was satisfactory to nobody.

What we had better do is to remember where we are and what our dangers are. Enterprises of business are not entered upon by helter-skelter. They are the result of calculation. One of the first inquiries of the promoter or maker is, how many of our present conditions are to remain? If there are to be uncertain-

ties in the future he will not dare to act. What can you imagine that would dampen a business man's ardor more than to be called on to guess what a new tariff bill would be! The prophetic instinct in the human creature is there beyond its limit.

We ought to let the Tariff alone; we ought to defend it against all comers for the good of the nation. We are doing more than well and need not hunt for disaster. That will come in due time.

Meanwhile, let us see what people are trying to do. Nobody dares to attack the tariff directly. Every effort against it is a flank attack. The tariff is to be changed, not because it has not produced prosperity, but because it has produced large corporations. We so hate and fear large corporations that we will destroy prosperity rather than not destroy them. To argue such a proposition would be a discredit to the American people. The most plausible attack has come from the demand for reciprocity. In my judgment, it will be found that, when the glittering generalities of reciprocity are refined down to actual statement of what is proposed, the American people will never have it. The history of reciprocity the world over has been that any treaty thus far devised has been one-sided, and the country losing has put an end to it. We tried it with Canada. Our export trade increased thirteen per cent., and theirs increased in eleven years five hundred per cent. That treaty no longer exists. We had one with the Sandwich Islands, and on the average we gave them \$5,000,000 remitted sugar duties a year, and sold them \$4,000,000 worth of goods. In other words, we gave them all our exports and a million dollars besides. This is what the friends of Free Trade were trying to do for Cuba when we were so apprehensive that that Island would be ruined if we did not give in charity what had no foundation in justice.

Protection, I repeat, is a system, and is justifiable because it is of general application. The whole nation gets the benefit of it. If you will examine reciprocity in detail you will find that, in nearly every case, the national revenue is sacrificed for the benefit of individuals. Hawaii alone cost us one hundred and one millions of unrequited dollars. Perhaps it may be a consolation to know that our own citizens, temporarily expatriated, were thereby greatly enriched. This example has led our citizens in Cuba to hope for like results, and they too are eager for remitted duties. But the scheme has been exposed, and Republicans must be blind

indeed if they surrender any jot or tittle of protection of the beet industry in order to bestow largess upon citizens who expatriate themselves, while we refuse it to farmers who till our own soil. The low price of sugar in Cuba is the same low price which pervades all the West Indies, and is caused by the substitution of the beet, a better sugar-producer than the cane. In a word, a great output of sugar lowers the price. Suppose a great grain crop sent prices down. Would we make it up to our farmers out of our Treasury? Of course not. If we cannot do this thing to our farmers who stay at home, why should we do so to those who go abroad to develop other lands? When we recall the way in which Congress was made to believe that there was a great popular uprising in behalf of Cuba, and contrast it with the disclosures since made, we are amazed. Cuba had promises. By whom they were made, what they were, and when, nobody could ever tell. Mayors of towns just ready to starve sent us messages, and ruin or immediate action were the only alternatives. The whole year has gone and no ruin has come. This was simply a flank attack on protection, and many men were beguiled who had been its stanch champions. For the Republicans to desert the beet-sugar interest is to desert the farmer in the one conspicuous and clear case where his industry is fostered. Under the tariff as it now is all the sugar needed for this country can be made by the people of this country. That is in accord with our system. It is a part of our system, and should not be abandoned until the rest of it is abandoned. When we throw our markets open to the world in all things, then it will be time to do it for sugar.

Let us put this into a few words of a practical character.

We have a tariff carefully drawn, which has served us well. That tariff is only five years old. It has brought us away up on the hill-side of success. It has no connection with great corporations, except what it has with small corporations and individuals. No attack by repealing the Dingley Act can hurt one without hurting all. Any disturbance of that kind would disturb trade in ways with which we are all too familiar.

A tariff bill at any time is not and cannot be the creature of one mind. It means the result of a contest by all interests and all minds. Hence, whenever any man thinks of a tariff he would make, he always thinks of a tariff bill which will never be enacted.

There was once a President of the United States, of great power and influence. For four years he had no Congress behind him, and he dreamed of such a tariff-reform law as would suit him. By-and-by, he had a Congress of his own party, and he started in to make such a law as would please both gods and men. There are those who remember the dismal looks of the members of the House when they yielded to the Senate, and the averted looks of the President as he let the Bill pass by, unsigned and friendless. To those men it became apparent, as it should be to the whole world, that the tariff enacted is always different from the Act in your mind. Is the Republican party ready to open the box, knowing that, once it is opened, only hope is left behind?

THOMAS B. REED.